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SENSITIVE
SIPDIS

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SUBJECT: TURKMENISTAN: DEPUTY FOREIGN MINISTER STRESSES
COMMITMENT TO ECONOMIC AND TRADE REFORM

¶1. (U) Sensitive but Unclassified. Not for internet distribution.

¶2. (SBU) SUMMARY: In his September 29 meeting with Deputy Assistant Secretary of Commerce Paul Dyck, Deputy Foreign Minister Wepa Hajiyeu summarized measures taken by the Turkmenistan government to improve its trade relations. DAS Dyck expressed U.S. Government interest in expanding trade and other areas of cooperation. DFM Hajiyeu emphasized the importance of training and advanced technology in the Turkmenistan trade strategy and proposed further opportunities for bilateral cooperation such as involvement in the creation of an trade policy institute, closer cooperation with the new Ministry of Trade, and intensification of trade promotion activities. END SUMMARY.

TURKMENISTAN STRATEGIES TO ENHANCE TRADE

¶3. (SBU) Deputy Assistant Secretary of Commerce Paul Dyck met September 29 with Deputy Foreign Minister Wepa Hajiyeu. Hajiyeu began by noting the economic and trade reforms undertaken since the election of President Gurbanguly Berdimuhamedov in February 2007. As a result of improvements in the legal framework for trade and foreign economic relations, conditions have improved, as indicated by a 23 percent increase in foreign investment during the past year. Hajiyeu also mentioned programs to facilitate the work of private enterprises and small and medium businesses. Finally, he cited efforts to improve the Trade and Industry Chamber, particularly in its trade-related aspect, which have allowed foreign businesses to be established in Turkmenistan.

¶4. (SBU) Emphasizing the importance that Turkmenistan attaches to its trade policy, Hajiyeu said ministries and organizations want to locate foreign partners who can provide advanced technology and improved products. Government-organized trade fairs are arranged as a way for Turkmen entities to find new partners with better technologies than Turkmenistan's "traditional" partners.

¶5. (SBU) Hajiyeu also noted the importance of stable currency and exchange rates to attract investment and increase trade, mentioning ongoing preparation for the redenomination of the Turkmen manat on January 1, 2009. He added that measures to equalize the exchange rate of the manat have been viewed positively by foreign businesses. Other trade facilitation measures include a "quite liberal" visa regime for business travelers and continued improvement of the legal guarantees for foreign businesses, including the signing of more than 100 intergovernmental agreements on issues such as trade, double taxation and the protection of investments during ¶2008. (COMMENT: Turkmenistan's system of Letters of Invitation and limiting businessmen to 30-day visas until their offices are registered cannot be described as "liberal." END COMMENT.)

¶6. (SBU) Concerning trade with the United States, Hajiyeu said our relations are based on mutual benefit and respect. He thought it would be possible to increase the current volume of bilateral trade, including through the use of diplomatic channels. A more active exchange of ideas could create a trend toward more partnerships. Hajiyeu suggested that the MFA could play the role of a coordinator in the trade sphere.

LOOKING TO BUILD BUSINESS TIES WITH TURKMENISTAN

¶7. (SBU) DAS Dyck noted that the U.S. and Turkmenistan Governments share the same goals of developing our political, economic and strategic relations. U.S. companies have been

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involved in Turkmenistan in the hydrocarbon and agriculture sectors, and the U.S. Government wants to build on their success. DAS Dyck agreed on the importance of reform to attract trade and investment and expressed appreciation for Turkmenistan's efforts in this area, including cooperation on a Trade and Investment Framework Agreement. At the same time, the United States is looking for areas where our governments can work more closely and increase trade relations. The United States would like to see companies such as Boeing and Case New Holland build on their current success by adding additional projects in Turkmenistan, as well as new projects such as Chevron's pending natural gas proposal.

TURKMENISTAN SEEKS PRODUCTIVE RELATIONSHIPS AND ADVANCED TECHNOLOGY

¶8. (SBU) Hajiyeu noted the importance of "productive relationships" with foreign companies, including, for example the purchase not only of aircraft from Boeing, but also Boeing's delivery of training and services. In the agricultural sector, tractor purchases are important in order to achieve Turkmenistan's goals in that sector. Hajiyeu pointed out that, based on presidential directives, Turkmenistan is actively seeking to encourage exchanges of experience and training as part of its evolving strategy for trade policy, including the creation of an institute for strategic economic policy. He suggested that the U.S. Government might explore an "active exchange of experience" with this new entity.

¶9. (SBU) Turkmenistan's leadership also pays close attention to advanced technology and new developments in science. Government agencies will pursue this interest in science, particularly in the energy and agricultural spheres. Hajiyeu suggested that U.S. companies could contribute to this effort. He cited President Berdimuhamedov's statement during the 21st People's Council that urged the "rational use of natural resources" and the use of advanced technology to address environmental problems.

¶10. (SBU) The new Ministry of Trade, established in 2007, has the high priority task of improving economic relations

through trade. Hajiyeve suggested the U.S. Government could pursue cooperation with this Ministry with the aim of helping it to fulfill this task. He also advocated for more U.S. trade delegations and trade shows that could foster cooperation between U.S. business and Turkmen entities. The results of such business fora could be "dramatic" as Turkmen companies find out about better technologies and products that would lead them away from their "traditional partners." Such trade promotion activities would also help to overcome the geographical advantage that neighboring countries have in conducting trade. DAS Dyck mentioned that the newly-formed U.S.-Turkmenistan Business Council will play a role along these lines.

BETTER VISA REGIME WOULD BENEFIT TRADE

¶11. (SBU) DAS Dyck mentioned the importance that companies around the world attach to a visa regime that allows business travelers easy access to a country, a practice that facilitates economic relations. Hajiyeve noted that there is no separate channel to obtain a Turkmen business visa, but that it helps to have a business partner inside Turkmenistan. He suggested that the Trade and Industry Chamber could develop a role in facilitating business visas as part of its work in attracting foreign companies to the country.

¶12. (SBU) COMMENT: Turkmenistan's visa regime is one of the

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biggest impediments to trade and investment by foreign companies. If the Trade and Industry Chamber is able to facilitate visas and help companies to obtain longer-term visas, it will be a plus. We hope that the Chamber does not become one more layer in the bureaucratic process for obtaining a visa. END COMMENT.

¶13. (U) DAS Dyck cleared this cable.
CURRAN